

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF KENTUCKY-)	
AMERICAN WATER COMPANY FOR)	
AN ORDER AUTHORIZING THE)	
ISSUANCE AND SALE OF ITS)	
GENERAL MORTGAGE BONDS, 14%)	
SERIES, DUE DECEMBER 1, 1992,)	CASE NO. 8679
IN THE PRINCIPAL AMOUNT OF)	
\$6,000,000.00 AND THE SALE OF)	
137,300 SHARES OF COMMON STOCK)	
FOR THE AGGREGATE CONSIDERATION)	
OF \$3,000,000.00)	

O R D E R

On October 15, 1982, Kentucky-American Water Company (Kentucky-American") filed its application seeking authority to issue and sell \$6,000,000 of its general mortgage bonds at 14 percent interest and 137,300 shares of its no par value common stock for \$3,000,000.

The proceeds from the sale of the securities and common stock will be used to repay short-term bank loans in the amount of \$7,344,000 as of May 31, 1982, the cost of issuance of the bonds and the stock estimated to be \$100,000 and the cost of additional construction, completion, extension or improvement of Kentucky-American's plant and distribution system in the amount of \$1,556,000.

The Commission, after consideration of the application and all evidence of record and being advised, is of the opinion

and finds the proposed issuance and sale by Kentucky-American of \$6,000,000 of its general mortgage bonds at 14 percent interest and 137,300 shares of its no par value common stock, said stock to be sold to American Water Works Company, Inc., for a consideration of \$3,000,000 is for lawful objects within the corporate purposes of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.


IT IS THEREFORE ORDERED that Kentucky-American Water Company be and it hereby is authorized to issue and sell \$6,000,000 of its general mortgage bonds at 14 percent interest and is further authorized to sell 137,300 shares of its no par common stock to its parent company, American Water Works Company, Inc., for a consideration of \$3,000,000.

IT IS FURTHER ORDERED that the proceeds from the sale of the securities authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 25th day of October, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary